7/6/88 S6615-3

OREGON LABOR TRENDS

JUNE 1988

MAY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj)
May	1988	6.2
Apr.	1988	5.9
May	1987	6.0
U.S.		
May	1988	5.6
Apr.	1988	5.4
May	1987	6.3

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1977=100	
May	1988	120.3
Apr.	1988	120.6
Mar.	1988	120.8
Feb.	1988	120.1
Jan.	1988	119.7

PRODUCTION WORKER AVERAGE HOURLY EARNINGS

Oregon		
Apr.	1988	$10.74
Mar.	1988	$10.69
Apr.	1987	$10.52

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
Apr.	1988	39.9
Mar	1988	39.1
Apr.	1987	39.4

CONSUMER PRICE INDEX (CPI)

1982-84=100
ALL URBAN CONSUMERS

Portland-Vancouver	
July-Dec. 1987	119 .9
Yearly change	3.3%
Annual Average 1987	110.9
Yearly change	2.5%
U.S.	
May 1988	117.5
Yearly change	3.9%
Annual Average 1987	113.6
Yearly change	3.6%

Portland Hotline 221-4132

DECLINE OF MANUFACTURING - UPDATE

Graham Slater

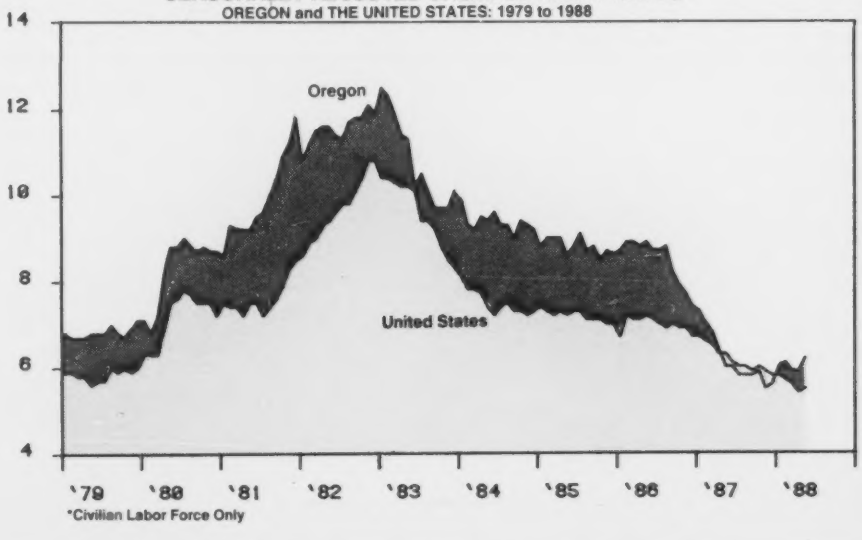
"Everyone concerned with Oregon's future should apply themselves not only to preserving and aiding our established firms and industries, but also to creating an environment which will attract firms in new and growing manufacturing industries." **(Oregon Labor Trends**, March 1986)

Two years ago, I wrote an article for this publication entitled, "The Decline Of Manufacturing - What's In The Future?". The gist of that article was that even though nonmanufacturing employment had begun to show strong signs of recovery, the manufacturing sector was demonstrating little momentum. "In the last 12 months, over 25,000 payroll jobs have been added to Oregon's economy. In that same period, manufacturing employment has fallen by 200." This was the almost desperate situation facing the state at that time.

Fortunately, 1987 was different. Oregon's economy, as measured in jobs, grew at a 3.4% rate, with the growth proportionately split between the manufacturing and nonmanufacturing sectors. Follow that with an incredibly strong start to 1988, and this appears to be a good time to revisit the "decline in manufacturing" issue. But first, let's briefly look at the May data. (If the following analysis of May statistics is insufficient for your needs, feel free to contact Graham Slater at (503) 378-2477.)

May, on the surface, was a disappointing month. The seasonally adjusted unemployment rate rose by three-tenths of a percentage point, reaching 6.2%, the highest level in more than a year. The nonagricultural wage & salary employment index was revised downward for April, and dropped further in May. But caution is needed before jumping to recessionary conclusions. First, and most obvious, it is impossible to make sweeping economic statements without having several months (at least three) of consistent trends in the economic indicators. Second, the reason for the May movements has more to do with strong performance in earlier months than with particularly weak performance in May. An analogy will make this point clear.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and THE UNITED STATES: 1979 to 1988



*Civilian Labor Force Only

"Joe is an Oregonian. He loves to hike, swim, and camp. Every year he spends his winter longing for May when he knows the rain will stop, the sun will return, and he will head for the lakes. How sweet that first trip is. After so many months of expectation, he finally arrives at his campsite, full of appreciation for the badly-missed sun and grateful for the absence of rain.

This year, Joe's activity changed a little. Good weather was present during much of the winter. Joe actually went camping a few times in February and April. In fact, by the time May rolled around, the initial excitement had worn off, and weekend camping had become the norm. The usual expectations for May had already been met and exceeded in earlier months. It wasn't that May was a bad month. It was just that Joe's high expectations (the excitement of the first camp) proved unattainable, simply because they had already been met back in February."

So it was with Oregon's economy. We have certain expectations (the product of seasonal adjustment) for the month of May. For example, we expect to add 1,100 logging jobs because weather is improving, logs are becoming more accessible, and history has shown that this is a reasonable expectation. This year, the Oregon economy added more jobs than thought possible during much of the winter. In fact, by the time May rolled around, the initial excitement had worn off, and constant job growth had become the norm. The usual expectations for May had already been met and exceeded in earlier months. In the case of logging, many of the 1,100 jobs had been added thoughout the winter, leaving an increase of only 300 for May. Thus, attempts at predicting seasonal expectations failed to accurately reflect the economy because, in a sense, the seasonality changed. It wasn't that May was a bad month. It was just that our high expectations proved unattainable, simply because they had already been met earlier in the year.

It is important to keep the increasing unemployment rate in perspective. Nonfarm payroll employment reached a new record level of 1,131,500 in May. Oregon's economy has created almost 40,000 new jobs in the past twelve months. After adjusting for seasonality, almost 15,000 new jobs have been created in the first five months of 1988. At worst, May was a month of adjustment. It is not likely that it represented the end of economic growth.

Nonmanufacturing industries generally performed close to expectations. Construction was the major exception; another "victim" of adding jobs much earlier than expected. The 1,400 new construction jobs represent only two-thirds of the projected May increase. Trade and services generally performed as expected, with tourist-related segments at the forefront. Eating & drinking places (79,900) and hotels & other lodging places (16,300) both reached record employment levels in May.

And so to manufacturing. Industry activity in May shows the manufacturing sector at its highest May level (207,600) since 1979. (One year ago we were talking about 200,000 being a reasonable goal by the end of 1988!) Unfortunately, this decade-high level does not necessarily translate into undisputed economic strength in the sector. Two economists, Mr. Jolly and Dr. Doom, were recently overheard in conversation:

Mr. Jolly. . ."Our economy produced nearly 40,000 new jobs last year."

Dr. Doom. . ."I bet they were all low paying jobs in nonmanufacturing. You've got to have manufacturing jobs to really get the economy moving."

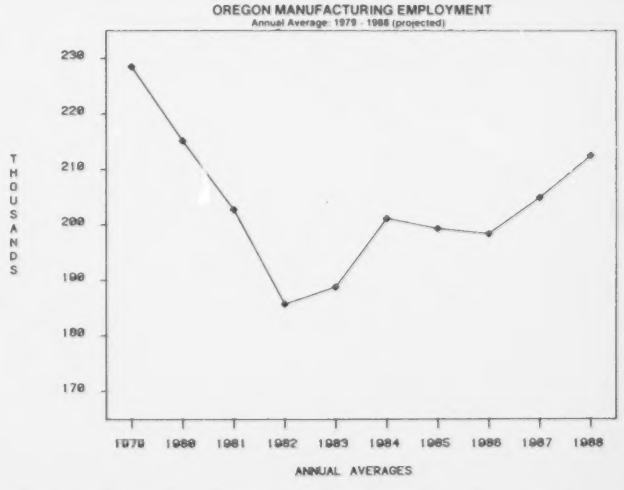
Mr. Jolly. . ."Actually, they were pretty evenly split - both sectors grew at about the same pace."

Dr. Doom. . ."Oh. But the pay levels in manufacturing have gone way down. You can't build an economy on that."

Dr. Doom seems to like generalizations, landing himself unavoidably in controversy. Not all nonmanufacturing jobs are low-pay. Not all manufacturing industries have suffered pay cuts. But he has some valid concerns. The perception of economic well-being in Oregon depends a great deal on personal philosophy and point-of-view. This article simply offers some facts pertaining to the manufacturing sector so that readers can reach their own conclusions.

Looking purely at the number of jobs, the manufacturing sector looks stronger now than it has for years. Employment grew at a 3.3% rate in 1987 and is expected to maintain a similar trend in 1988. While 1983 and 1984 showed positive movement (+1.7% and +6.5% respectively), all other years since 1980 have showed manufacturing employment in decline. Indeed, both 1985 and 1986 (the time of the last article on this subject) recorded strong growth in nonmanufacturing but a drop in manufacturing employment.

The size and diversity of improvement in the last year and a half has been a surprise to most analysts. Lumber & wood products employment grew by nearly 3,000 in 1987 to reach 67,400, an 11,800 increase over the recession low. Millwork & structural wood broke through the 10,000 employee barrier and now (May 1988) stands at 10,800 -



its highest level ever. Logging employment was ravaged by forest fires in 1987 but has had a strong winter and now stands at 12,100, the highest May level since 1979.

Several other industries performed exceptionally in May. Stone, clay, glass, & concrete products added 200 jobs to reach its best May level since 1981. Electronic equipment & supplies was the only high-tech industry to grow, equalling an all-time high of 14,700, recorded in November 1984. Blast furnaces, iron & steel (6,000), meat products (2,300), textiles (1,900), and apparel (2,900) all reached their highest May levels in several years.

Printing & publishing (13,500) and rubber & plastics (4,100) both stand at their highest levels ever. Miscellaneous manufacturing (a catch-all category of all industries not specifically classified in their own right) has also grown, currently standing at 3,300, the highest May level on record. (This category is dominated in Oregon by sporting goods, games, toys, and signs & advertising displays.)

Why list all these industries and statistics? Simply to emphasize the fact that there is growth in the manufacturing sector, and that the growth is both strong and diverse. There aren't too many negatives on the horizon in terms of employment, either. Continuing layoffs in high-tech industries is a given, at least over the next month or so. And the specter of labor disputes (already haunting lumber & wood products and paper & allied products) cannot be ignored. But for every layoff or closure on the horizon, there appears to be more than one opening or expansion. Thus, the outlook is good.

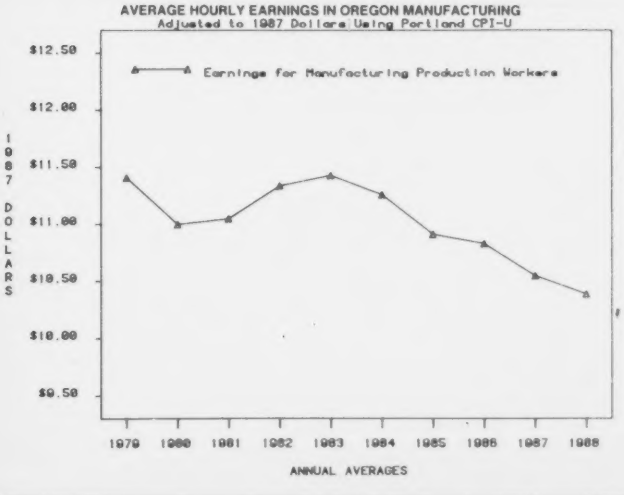
Another positive note in this analysis can be found by comparing Oregon's manufacturing growth with that of the entire Nation. While Oregon's sector grew by 3.3% last year, the U.S. managed only a 0.6% gain. In fact, Oregon outperformed the U.S. in this category in four of the past five years. In addition, while the role of manufacturing has played a declining role in Oregon's employment picture, it has not dropped as fast or as much as nationally. Thus it would be reasonable to state that, in terms of employment, Oregon's manufacturing sector is far stronger now than at any time since 1979.

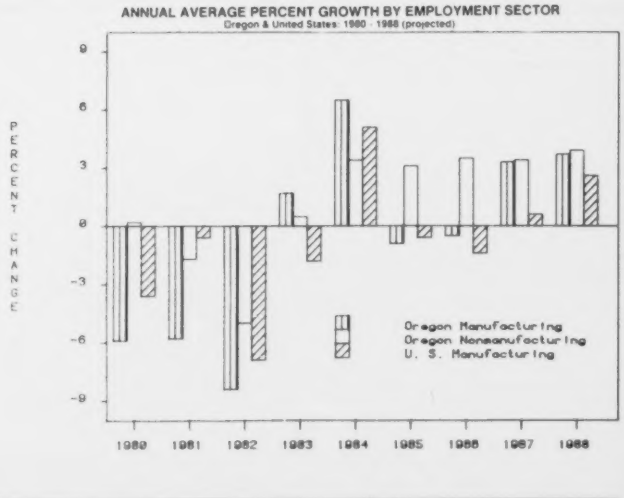
Unfortunately, there is another side to the story. This side relates to the earnings from, rather than the simple existence of, a job. Hours & earnings estimates are computed each month for all production workers in the manufacturing sector. When these figures are adjusted for inflation, using the Portland CPI-U index, a disturbing trend becomes apparent. In 1987 dollars, the average manufacturing worker in the state has taken a $25 weekly pay cut since 1979. Average hourly earnings are down almost $1. Of the ten specific industries for which hourly earnings data are published, six have recorded declines since 1979. The average lumber worker has lost almost $2 per hour in those years.

Two valid criticisms of the hours & earnings data quoted above is that they reflect only the income of production (i.e. nonsupervisory) workers, and also that they ignore the growing impact of special bonuses such as lump sums and profit-sharing. When both these criticisms are overcome (by using data from unemployment insurance records which includes all income for all employees), the average weekly wage of Oregon's manufacturing employees has basically maintained parity with inflation adjustments. Even so, the share of total payroll income which comes from the manufacturing sector has fallen from 28.2% in 1979 to 24.5% last year.

Before bringing this article to a close, let's take a look at the future. Most projections show manufacturing employment growing strongly in 1988, slowing in 1989, and declining slightly in 1990 as a result of the next recession. While employment is plotted to rise and fall over the next few years, there is even less certainty about the projected trend in average hourly earnings adjusted for inflation.

The main objective of this article has been to present facts. The perception that the manufacturing sector has made no significant recovery causes me great concern. Certainly, manufacturing's contribution in terms of jobs and dollars has declined relative to the late '70s, but the situation is much better now than it was five or even two years ago. Manufacturing employment looks good. The sector has added more than 15,000 jobs since the recession low, with a total annual manufacturing payroll increase of close to $600 million, in constant 1987 dollars. Employment growth seems to be assured for 1988. So the real question mark relates to income levels, particularly with the mass of labor negotiations taking place this year. By the end of 1988, we should have a strong sense of the future direction of the sector. Perhaps this will be the year when Oregon's manufacturing employees finally start to make up the ground lost throughout the recession. Or perhaps it will be the year when lower incomes in the manufacturing sector become the norm for the foreseeable future. The important result of this article should be that interested Oregonians are aware of the relevant facts on both sides of the manufacturing picture. In another two years, we might publish another follow-up; who would guess how the narrative will read by then? □





RESIDENT OREGON LABOR FORCE

	MAY[1] 1988	APR.[2] 1988	CHANGE	%CHANGE	MAY[5] 1987
CIVILIAN LABOR FORCE[3]	1,425,400	1,429,800	-4,400	-0.3	1,382,000
UNEMPLOYMENT	83,900	87,600	-3,700	-4.2	79,800
PERCENT OF LABOR FORCE	5.9	6.1	XXX	XXX	5.8
SEASONALLY ADJUSTED PERCENT	6.2	5.9	XXX	XXX	6.0
TOTAL EMPLOYMENT[4]	1,341,500	1,342,200	-700	-0.1	1,302,200

[1]Preliminary. [2]Revised. [3]Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. [4]Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, farm workers, and labor disputants. [5]Due to revised estimating procedures between December 1987 and January 1988, data for 1988 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT (BY PLACE OF WORK)

INDUSTRY	MAY[1] 1988	APR.[2] 1988	MAY 1987	CHANGE FROM APR. 1988	CHANGE FROM MAY 1987
TOTAL[3]	1,131,500	1,121,800	1,094,100	9,700	37,400
WAGE & SALARY EMPLOYMENT INDEX[4]	120.3	120.6	116.4	XXX	XXX
TOTAL MANUFACTURING	207,600	205,500	201,100	2,100	6,500
DURABLE GOODS	153,700	152,000	147,600	1,700	6,100
LUMBER & WOOD PRODUCTS	68,200	67,100	67,300	1,100	900
LOGGING & SAWMILLS	34,400	34,000	34,200	400	200
VENEER & PLYWOOD	17,700	17,500	17,700	200	0
MILLWORK & STRUCTURAL WOOD	10,800	10,400	10,200	400	600
MOBILE HOMES	1,500	1,400	1,300	100	200
OTHER WOOD PRODUCTS	3,800	3,800	3,900	0	-100
FURNITURE AND FIXTURES	2,600	2,600	2,400	0	200
STONE, CLAY, GLASS & CONCRETE	3,700	3,500	3,500	200	200
PRIMARY METALS	10,100	10,100	9,100	0	1,000
BLAST FURNACES, IRON & STEEL	6,000	6,000	5,400	0	600
NONFERROUS METALS	4,100	4,100	3,700	0	400
FABRICATED METALS	10,700	10,600	10,100	100	600
FABRICATED STRUCTURAL METALS	4,800	4,700	4,500	100	300
OTHER FABRICATED METALS	5,900	5,900	5,600	0	300
MACHINERY	15,800	15,800	15,500	0	300
ELECTRICAL EQUIPMENT & SUPPLIES	14,700	14,500	13,300	200	1,400
TRANSPORTATION EQUIPMENT	12,700	12,400	11,400	300	1,300
INSTRUMENTS & RELATED PRODUCTS	11,900	12,100	12,000	-200	-100
MISCELLANEOUS MANUFACTURING	3,300	3,300	3,000	0	300
NONDURABLE GOODS	53,900	53,500	53,500	400	400
FOOD & KINDRED PRODUCTS	19,900	19,300	21,000	600	-1,100
CANNING & PRESERVING	9,100	8,900	10,300	200	-1,200
OTHER FOOD PRODUCTS	10,800	10,400	10,700	400	100
TEXTILE MILL PRODUCTS	1,900	1,900	1,800	0	100
APPAREL	2,900	2,800	2,500	100	400
PAPER & ALLIED PRODUCTS	8,700	9,100	9,100	-400	-400
PRINTING & PUBLISHING	13,500	13,400	12,400	100	1,100
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	400	400	400	0	0
RUBBER & PLASTIC PRODUCTS	4,100	4,000	3,700	100	400
LEATHER PRODUCTS	400	500	500	-100	-100
TOTAL NONMANUFACTURING	923,900	916,300	893,000	7,600	30,900
MINING & QUARRYING	1,300	1,300	1,400	0	-100
CONSTRUCTION	37,400	36,000	34,500	1,400	2,900
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	58,900	58,800	57,800	100	1,100
TRANSPORTATION	37,300	37,400	36,700	-100	600
RAILROAD	3,900	3,900	4,000	0	-100
TRUCKING & WAREHOUSING	21,200	21,300	20,800	-100	400
OTHER TRANSPORTATION	12,200	12,200	11,900	0	300
COMMUNICATIONS	12,700	12,600	12,300	100	400
UTILITIES	8,900	8,800	8,800	100	100
TRADE	287,100	283,800	273,400	3,300	13,700
WHOLESALE TRADE	72,500	72,400	67,800	100	4,700
DURABLE GOODS	43,000	42,600	39,800	400	3,200
NONDURABLE GOODS	29,500	29,800	28,000	-300	1,500
RETAIL TRADE	214,600	211,400	205,600	3,200	9,000
GENERAL MERCHANDISE	26,600	26,800	25,800	-200	800
FOOD STORES	35,800	34,900	33,200	900	2,600
AUTO DEALERS & SERVICE STATIONS	26,700	26,600	26,500	100	200
OTHER RETAIL TRADE	125,500	123,100	120,100	2,400	5,400
FINANCE, INSURANCE, & REAL ESTATE	73,300	73,100	71,800	200	1,500
BANKING & CREDIT AGENCIES	24,200	24,200	23,800	0	400
OTHER FINANCE, INSURANCE, & REAL ESTATE	49,100	48,900	48,000	200	1,100
SERVICES	251,900	251,100	243,300	800	8,600
HOTELS & PERSONAL SERVICES	26,700	26,800	26,400	-100	300
HEALTH SERVICES	77,200	77,200	73,900	0	3,300
OTHER SERVICES	148,000	147,100	143,000	900	5,000
GOVERNMENT	214,000	212,200	210,800	1,800	3,200
FEDERAL GOVERNMENT	30,000	29,600	30,100	400	-100
STATE GOVERNMENT	59,100	59,200	57,500	-100	1,600
EDUCATION	25,300	25,300	24,900	0	400
OTHER STATE	33,800	33,900	32,600	-100	1,200
LOCAL GOVERNMENT	124,900	123,400	123,200	1,500	1,700
EDUCATION	79,600	79,100	79,000	500	600
OTHER LOCAL	45,300	44,300	44,200	1,000	1,100
LABOR - MANAGEMENT DISPUTES	700	100	100	600	600

[1]Preliminary
[2]Revised
[3]Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. Note: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes as amended by the 1977 supplement.
[4]Total nonagricultural wage and salary employment, seasonally adjusted, and indexed to 1977. Data on the earlier index (1972 = 100) can be converted to the 1977 base period by multiplying by a factor of .8264, the ratio between 1972's Annual Average Employment (774,300) and that of 1977 (936,900).

TOURISM, YOUTHS, AND SUMMERTIME

Art Ayre

Summer has arrived again and it's time for sunshine, tourists, and youths working at summer jobs. Hundreds of thousands of out-of-state tourists and even more Oregonians visit our state's many attractions each year, mostly during the summer months. The impact of this tourism entails both costs and benefits.

The costs of seasonal tourism include some inconveniences like traffic congestion, longer waits at gas stations, "no vacancy" signs, higher hotel rates, filled campgrounds, and more crowded conditions in parks and other recreational facilities. These costs can be reduced if tourism is year-round, instead of seasonal. More on this later. Another cost of tourism is an economic reliance on stability in the price of oil. A substantial rise in this commodity, while it would affect all business sectors, would severely impact tourism in Oregon.

Out-of-state tourists benefit Oregon by spending money here, which increases revenues and jobs in businesses such as restaurants, hotels, service stations, retail stores, and amusement and recreation facilities. These businesses and employees add to state and local government tax revenues. The jobs help open up job opportunities to the unemployed and reduce the unemployment rate. Of course, much tourism is by Oregonians themselves. Oregonians who vacation and spend money in Oregon help keep money here in Oregon, which supports our businesses and labor force rather than those of other states.

. . . regional and state planners are looking to tourism to enhance the state's economic health.

Oregon may not yet be a prime destination of the nation's tourists. In some regions people may still think of it as a state which discourages tourism and immigration. However, following the deep recession of the early 1980s, regional and state planners are looking to tourism to enhance the state's economic health.

Magazine advertisements luring Western U.S. travelers proclaim that "things look different here." Oregon billboard ads beside congested Southern California freeways show scenic Oregon roads with no traffic. And regional planners have targeted tourism as a central theme in several Regional Strategies to be funded in part by lottery dollars.

For example, the Central Oregon Region (Crook, Deschutes, and Jefferson counties) adopted a tourism-based strategy both for the revenue tourists bring to the region and as a vehicle to attract new business. Baker County adopted a strategy based on the development of an Oregon Trail National Monument as a major tourist attraction. And eight northwest Oregon counties (Clackamas, Multnomah, Washington, Yamhill, Lincoln, Tillamook, Clatsop, and Columbia) are grouping together to target tourism, partially as a spinoff of the Oregon Convention Center scheduled to be built in Portland. What is the employment impact of current and potentially increased levels of tourism?

In Oregon, tourism-related jobs are mostly seasonal, although there is a trend toward more winter tourism both at the coast and in the mountains. In most areas, tourist-related jobs occur during the summer months and many require only a short training period. This makes them compatible with the availability and skills of many youths entering the labor market during summer break from school. However, this summer there may actually be some places where there are not enough youths who are qualified, available, and willing to take the number of summer jobs that are normally filled by youths.

One reason for this is that there are simply fewer youths in the population and labor force due to low birth rates in the early 1970s. Another reason may be that some tourist-related businesses are located in scenic areas that are not heavily populated and thus may have difficulty recruiting locally. And part of the problem may be the low level of wages in many tourist-related jobs. Of the jobs available to youths during the summer, those related to tourism tend to offer lower wages than those in other fields. Naturally, this decreases their attraction. Many tourist-related jobs require poise, good language skills, some math skills, and an ability to relate well to the public. Those youths who possess these skills are likely to seek work in higher-paying positions than those offered by tourist-related businesses. The potential shortage of summer help means such businesses may have to raise wages and try to attract new groups into the labor market.

Many of us are familiar with the fast-food restaurant advertisements featuring older workers behind the counter. This is one symptom of the growing shortage of youths who are qualified, available, or willing to work in such businesses. Help-wanted signs and rising wages are other symptoms to look for. Years ago, when Oregon's agricultural crops attracted insufficient youths for planting and harvest, farmers turned to migrant farmworkers to pick up the slack. Today, tourism-related businesses may be caught between the growth of tourist traffic and the decline of a major source of summer workers. To resolve this shortage of labor, they will increasingly turn to relatively high unemployment minority groups, retirees, homemakers, and others residing in the area but not currently employed. Many of these people will lack the level of skills desired by businesses. This situation will be an excellent opportunity for employers and public agencies to maximize the benefits of pre-employment and on-the-job training and skills enhancement for those who would otherwise almost certainly remain unemployed.

However, even with the assistance of these new or underutilized labor pools, seasonal tourism typically results in traffic congestion, filled campgrounds, crowded parks, and "no vacancy" signs. Why? Because it is frequently uneconomical to build and maintain facilities needed to accomodate everyone with elbow-room to spare during peak demand when that level of demand lasts only half the year, at best. Even if the State's citizens were willing to pay for sufficient public works to accomodate peak demand comfortably, many businesses would be profitable enough to support their upkeep and taxes during the "off season" only if they were small enough to operate at full capacity for much of the "high season", raising prices and turning away some potential customers at peak periods of demand. To the degree that tourism can be made year-round, tourist facilities will be more profitable at lower levels of capacity, more will be built, and the various costs and inconveniences of seasonal tourism will be reduced. The recent trend toward frequent short trips and away from one long annual vacation is helping promote year-round tourism. Unfortunately, Oregon's distance from major centers of population prevent it from taking full advantage of this trend.

The growth of tourism in Oregon will involve both costs and benefits. By making tourism less seasonal and keeping Oregonian's vacation dollars in the state, we can minimize its costs. By providing training in the needed skills to those unemployed people who could gain most by becoming employed, we can maximize tourism's benefits. □

UNEMPLOYMENT RATES BY STATE - 1987

Jeff Hannum

Oregon wasn't the only state with an improved economy in 1987, but we did claim the prize for having the greatest "comeback" so to speak.

Despite last year's stock market gyrations, the Nation's economic recovery passed the five year milestone in 1987. One of the most visible signs of this improvement was a broad-based decline in unemployment throughout the Nation, with 44 states reporting lower jobless rates. States with rates below the national average of 6.2% were mainly located along the East Coast, the agricultural plains, and the far West. Higher than average rates were found in the highly industrialized states of the midwest and states heavily dependent on oil, gas, and mineral extraction (see map).

Oregon's distinction was not its low unemployment rate in 1987 . . . but rather the extent of improvement over the year, falling from 8.5% to 6.2%.

Oregon's distinction was not its low unemployment rate in 1987, which at 6.2% equaled the national average, but rather the extent of improvement over the year, falling from 8.5% to 6.2%. No other state experienced such a dramatic decline in this key labor market indicator.

In some respects, just equaling the national average rate represents a significant achievement for Oregon. Historically, Oregon's rate of unemployment is about one and a half percentage points above the U.S. rate due, in large part, to the seasonal nature of our three main industries-forest products, agriculture and related food processing, and tourism/recreation.

Due to the nature of these and other basic industries, Oregon's economy also tends to be more sensitive to the business cycle than the country as a whole. Consequently, the State's jobless rate typically exceeds the U.S. rate by about two percentage points during recession periods and by only one percentage point or less during good economic years. Since 1970, Oregon's jobless rate dropped below the national average (-0.1) and below the State's 1987 rate (-0.2) only once. That year was 1978 when 6.0% of Oregon's labor force was out of work.

1987 UNEMPLOYMENT RATES BY STATE

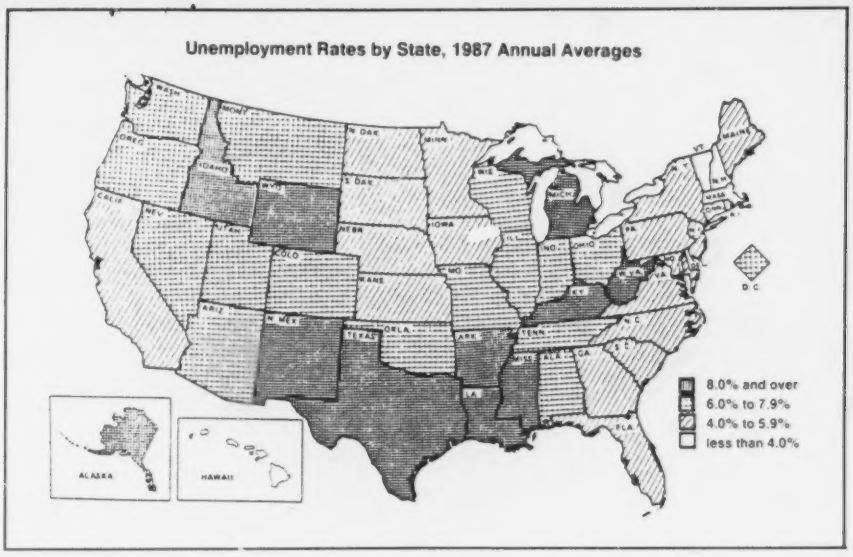
AREA	1987 RANK	1987	1986	1986-87 CHANGE
United States		6.2	7.0	-0.8
New Hampshire	1	2.5	2.8	-0.3
Delaware	2	3.2	4.3	-1.1
Massachusetts	2	3.2	3.8	-0.6
Connecticut	3	3.3	3.8	-0.5
Vermont	4	3.6	4.7	-1.1
Rhode Island	5	3.8	4.0	-0.2
Hawaii	5	3.8	4.8	-1.0
New Jersey	6	4.0	5.0	-1.0
Maryland	7	4.2	4.5	-0.3
South Dakota	7	4.2	4.7	-0.5
Virginia	7	4.2	5.0	-0.8
Maine	8	4.4	5.3	-0.9
North Carolina	9	4.5	5.3	-0.8
Nebraska	10	4.9	5.0	-0.1
New York	10	4.9	6.3	-1.4
Kansas	10	4.9	5.4	-0.5
North Dakota	11	5.2	6.3	-1.1
Florida	12	5.3	5.7	-0.4
Minnesota	13	5.4	5.3	0.1
Iowa	14	5.5	7.0	-1.5
Georgia	14	5.5	5.9	-0.4
South Carolina	15	5.6	6.2	-0.6
Pennsylvania	16	5.7	6.8	-1.1
California	17	5.8	6.7	-0.9
Wisconsin	18	6.1	7.0	-0.9
Oregon	**19**	**6.2**	**8.5**	**-2.3**
Arizona	19	6.2	6.9	-0.7
Nevada	20	6.3	6.0	0.3
Missouri	20	6.3	6.1	0.2
Utah	21	6.4	6.0	0.4
Tennessee	22	6.6	8.0	-1.4
Indiana	22	6.6	6.7	-0.1
Ohio	23	7.0	8.1	-1.1
Montana	24	7.4	8.1	-0.7
Illinois	24	7.4	8.1	-0.7
Oklahoma	24	7.4	8.2	-0.8
Washington	25	7.6	8.2	-0.6
Colorado	26	7.7	7.6	0.1
Alabama	27	7.8	9.8	-2.0
Idaho	28	8.0	8.7	-0.7
Arkansas	29	8.1	8.7	-0.6
Michigan	30	8.2	8.8	-0.6
Texas	31	8.4	8.9	-0.5
Wyoming	32	8.6	9.0	-0.4
Kentucky	33	8.8	9.3	-0.5
New Mexico	34	8.9	9.2	-0.3
Mississippi	35	10.2	11.7	-1.5
West Virginia	36	10.8	11.8	-1.0
Alaska	36	10.8	10.8	0.0
Louisiana	37	12.0	13.1	-1.1

If we assume that level represents virtual "full employment" for Oregon, then current labor market conditions in the State (6.0% average in 1988 to date) must be getting very tight. If so, we can expect a rising tide of labor skill shortages, upward pressure on wage rates and hours worked, and perhaps even a jump in net inmigration to the State as the year progresses.

If unemployment rates were the sole reason for population migration four states, in particular, would be big losers. As the accompanying table shows,

Louisiana, Alaska, West Virginia, and Mississippi all had one thing in common last year--double-digit unemployment rates! Louisiana, with the highest jobless rate in the Nation (12.0%), and Alaska (10.8%) are both "oil patch" states.

States with the lowest jobless rates in 1987, and probably the greatest labor shortages, were concentrated in the New England region. Of the seven states with unemployment rates below 4.0%, five are New England states and one, Delaware, is in close proximity. New Hampshire had the lowest unemployment in the Nation last year with an incredible 2.5% rate. □



AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS[1]

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Apr.[2] 1988	Mar.[3] 1988	Apr. 1987	Apr.[2] 1988	Mar.[3] 1988	Apr. 1987	Apr.[2] 1988	Mar.[3] 1988	Apr. 1987
TOTAL MANUFACTURING[4]	$428.53	$417.98	$414.49	39.9	39.1	39.4	$10.74	$10.69	$10.52
Durable Goods	438.07	421.58	421.30	40.6	39.4	40.2	10.79	10.70	10.48
Lumber & Wood Products	446.90	417.88	430.77	41.0	38.8	40.6	10.90	10.77	10.61
Logging & Sawmills	475.88	443.14	459.59	40.5	38.4	40.6	11.75	11.54	11.32
Veneer & Plywood	457.95	422.14	418.80	42.6	39.6	40.7	10.75	10.66	10.29
Millwork & Structural	353.28	343.49	374.10	40.1	38.9	41.2	8.81	8.83	9.08
Mobile Homes	319.74	318.92	314.28	36.5	36.2	36.0	8.76	8.81	8.73
Other Wood Products	427.01	407.64	419.58	41.7	39.5	40.5	10.24	10.32	10.36
Furniture & Fixtures	263.27	302.68	265.22	30.9	36.6	29.7	8.52	8.27	8.93
Primary Metals	496.17	505.73	507.03	41.8	41.9	41.8	11.87	12.07	12.13
Fabricated Metals	392.35	385.88	365.88	40.2	39.7	39.3	9.76	9.72	9.31
Machinery (Ex Electrical)	459.19	442.78	425.25	40.6	40.4	38.8	11.31	10.96	10.96
Nondurable Goods	402.80	405.38	397.62	38.0	38.1	37.3	10.60	10.64	10.66
Food & Kindred Products	321.66	325.06	320.38	35.9	35.8	34.9	8.96	9.08	9.18
Canning & Preserving	256.28	273.88	260.70	33.9	34.8	33.0	7.56	7.87	7.90
Other Food Products	402.53	383.69	394.26	38.3	37.0	37.3	10 51	10.37	10.57
Textile Mill Products	247.16	247.05	255.08	36.4	36.6	38.3	6.79	6.75	6.66
Apparel	234.42	229.32	225.75	36.4	36.0	37.5	6.44	6.37	6.02
Paper & Allied Products	630.20	612.45	640.76	42.9	43.1	41.5	14.69	14.21	15.44
Printing & Publishing	434.75	452.72	406.61	37.0	37.2	36.5	11.75	12.17	11.14
Construction[4]	483.66	482.32	479.85	34.4	34.6	35.0	14.06	13.94	13.71
Communications & Utilities[5]	528.21	509.21	527.95	40.6	39.2	40.8	13.01	12.99	12.94
Trade[5]	305.72	286.09	292.24	34.9	33.5	34.1	8.76	8.54	8.57
Wholesale Trade	411.69	378.63	392.02	39.7	37.6	37.3	10.37	10.07	10.51
Retail Trade	252.20	239.72	244.50	32.5	31.5	32.6	7.76	7.61	7.50
Banking & Insurance[5]	339.46	318.26	310.72	38.4	35.8	37.8	8.84	8.89	8.22
State & Local Government	366.79	362.93	346.17						

[1]Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
[2]Preliminary
[3]Revised
[4]Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
[5]Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS' CORNER

Carolyn Hansen

Who's watching the Trust Fund?

As an employer, that may be a question you've asked yourself. After all, the Trust Fund is your unemployment tax dollars. The Employment Division has many safeguards to ensure that benefits are paid only when a person is eligible to receive them.

One of these safeguards is the Quality Control Program.

You may have been visited by an Employment Division Quality Control (QC) investigator and wondered why he/she needed to review your records of wages paid to a particular employee. It may have been inconvenient for you to take time to show the investigator where to find these wage records.

All of this began in April 1984. Oregon was one of several states involved in a pilot program to measure payment error rates on unemployment claims. Since that time, the Quality Control Program has become mandatory in every state.

The U.S. Department of Labor sponsors the program by providing the money for Quality Control investigators in each state. Each week several claims are chosen at random for an in-person review by an investigator to ensure that payments are properly made.

The investigator reviews the records of each employer who has contributed during the period the selected claim was based upon to determine if the wages were correctly reported each quarter. The claimant is interviewed in depth about his/her eligibility for benefits and is asked to complete a 17-page questionnaire. This questionnaire seeks information about who the claimant worked for, employers contacted while seeking work, availability for work, child care arrangements, etc. Each of these persons is then contacted to verify the information given to us by the individual. This information affects the person's eligibility for unemployment benefits. From these in-depth investigations, statistics are compiled about proper and improper payments of unemployment benefits.

You may be asking "why collect these statistics? And does anyone really do anything with them?"

This is where the Quality Improvement Project (QIP) begins. The goal of QIP is to reduce overpayments in the unemployment claims process.

The QIP staff look at mispayment statistics as identified by Quality Control and other units within the Employment Division. After identifying problem areas, they determine whether current procedures exist to prevent the overpayment. If there is a procedure in place, where did it break down? Did an employee follow it correctly? Sometimes the problem may be solved by training or awareness of the problem.

But if the procedure, or lack of one, does appear to be the problem, the QIP unit will design several possible solutions. These may be different procedures, new or different forms, etc. A study is designed and the different methods are tested to determine their effectiveness. Sample cases are "walked through" the proposed procedures or changes to see how much money would be saved.

After determining whether money could be saved, the costs for implementing the changes must be considered.

Changes won't be implemented unless there is a reasonable ratio between what could be saved in the Trust Fund and what it costs in both one-time and on-going staff costs to implement.

All decisions to make changes must be done while keeping several things in mind. Employment Division staff strive to do the best job possible while staying within the budget constraints. The Trust Fund is supported by a tax paid by employers. The Employment Division is the guardian of these funds and is charged with accurately paying benefits to individuals who are eligible.

These programs, Quality Control and the Quality Improvement Project, are just two of the ways the Employment Division ensures these charges are being met. □

JSEC SEMINAR

MANAGING EMPLOYEES LEGALLY
Takeena Lodge, Albany
July 12 . . . 7:30 AM to 1:00 PM
Call Sue Hankins or
Andy Runnion, phone 967-2171

OREGON LABOR TRENDS

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